



KARDAN N.V.

9M 2016 Results

24 November 2016



Emerging markets player

✓ Mainly Asia, Africa & CEE

Core activities*

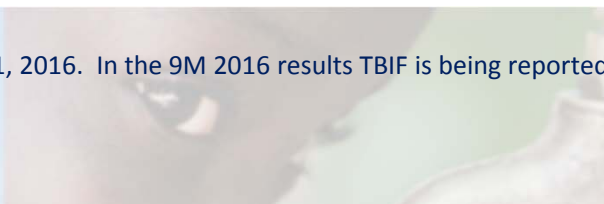
✓ Real Estate – Kardan Land China

✓ Water Infrastructure - Tahal

Corporate Governance

✓ Listed: Amsterdam & Tel-Aviv

* The sale of TBIF was completed on August 11, 2016. In the 9M 2016 results TBIF is being reported as discontinued operations under 'Other'



Financial Highlights Kardan Q3 2016



In € millions	Real Estate Asia	Water Infrastructure	Other	Total Q3-2016	Q3-2015
Profit (loss) from continuing operations	(2.5)	0.3	(16.3)	(18.5)	4.3
Profit (loss) from discontinued operations	-	-	15.2	15.2	5.4
Profit (loss) for the period	(2.5)	0.3	(1.1)	(3.3)	4.3
Attributable to: Non-controlling interest	-	-	-	-	-
Net result to equity holders	(2.5)	0.3	(1.1)	(3.3)	4.3
Other Comprehensive income (expense) to KNV				0.1	(12.6)
Total Comprehensive Income (Loss) to KNV				(3.2)	(8.3)



Financial Highlights Kardan 9M 2016



In € millions	Real Estate Asia	Water Infrastructure	Other	Total 9M-2016	9M-2015	Year 2015
Profit (loss) from continuing operations	(10.8)	2.1	(22.0)	(30.7)	(37.6)	(59.2)
Profit (loss) from discontinued operations	-	(0.1)	21.6	21.5	32.7	36.3
Profit (loss) for the period	(10.8)	2.0	(0.4)	(9.2)	(4.9)	(22.9)
Attributable to: Non-controlling interest	-	-	-	-	-	-
Net result to equity holders	(10.8)	2.0	(0.4)	(9.2)	(4.9)	(22.9)
Other Comprehensive income (expense) to KNV				(11.2)	(5.6)	(2.0)
Total Comprehensive Income (Loss) to KNV				(20.4)	(10.5)	(24.9)



Financial Highlights Kardan 9M 2016



Kardan NV

- € 9.2 million net loss (9M 2015: € 4.9 million net loss);
- Total Comprehensive loss of € 20.4 million (9M 2015: € 10.5 million loss);
- Shareholders' equity: 30 September 2016: € 50.9 million (year end 2015: € 71.5 million);
- Negative foreign exchange impact (€ 6.7 million) on financing expenses (appreciation NIS vs EUR) (9M 2015: € 23 million negative impact);
- Negative foreign exchange impact (€ 13.5 million) on equity (mainly appreciation RMB vs EUR) (9M 2015: € 6.2 million positive impact).
- Released funds from assets sold used to fully repay obligations (principal) of the debentures, ahead of schedule, until the next repayment in February 2018.
- This has put Kardan in the position to continue to strengthen assets and to divest assets in a manner that will allow to maximize value.



Financial Highlights Kardan Q3 2016



Kardan NV

- Q3 2016: € 3.3 million net loss (Q3 2015: € 4.3 million net profit)

Real Estate Asia

- € 2.5 million net loss (Q3 2015: € 3.9 million net profit), mainly due to finance expenses.
- Stable operational performance
 - Galleria Dalian:
 - Stable signing rate of around 74%, plus a planned food market of additional 6%
 - Opening rate slightly increased to 66% as of October 31, 2016
 - Increase in footfall and tenants turnover



Water Infrastructure

- Net profit amounted to € 0.3 million (Q3 2015: € 1.4 million net profit)
 - Gross margin improved due to project mix
 - Revenue decreased mainly due to the completion of two large projects

Other

- Net loss of € 1.1 million (Q3 2015: profit of € 6.6 million)
 - Financing expenses (€ 13.5) million impacted by appreciation of NIS vs EUR (€ 6.7 million)
 - Impairment of €1.7 million due to signing of an agreement to sell the remaining mortgage activity in Q4 2016



Events after balance sheet date

- Final stage of the sale of TBIF completed by receiving the adjustment on 26 October 2016, as agreed in the transaction closing on 11 August 2016;
- This adjustment amounted to €13 million and is based on the reviewed result of the sold assets since January 1, 2016 until the closing date; resulting in a total consideration from the sale of € 82 million;
- The sale resulted in a profit of € 15.2 million.



Kardan Land China

www.kardanland.com



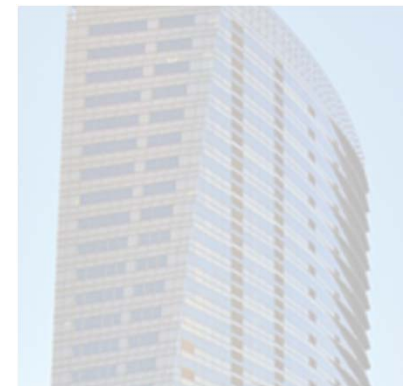
Real Estate Asia – 9M 2016 highlights



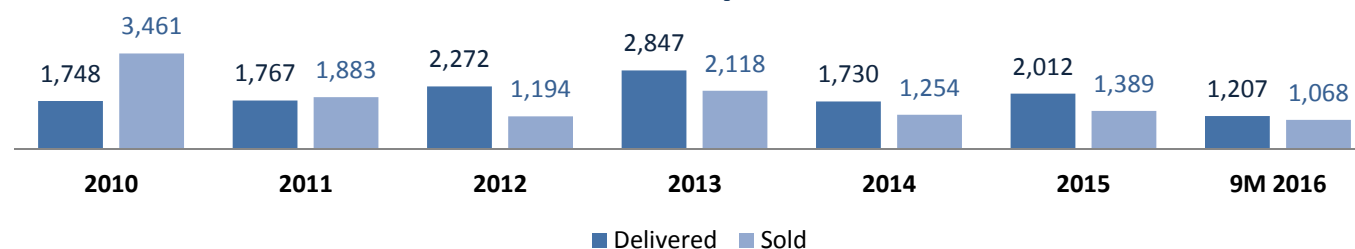
- Result:
- € 10.8 million loss (9M 2015: € 12.8 million profit)
 - Q2 2015 included fair value adjustment of Galleria Dalian
 - Forex impact € 1.2 million negative vs € 6.4 million positive in 9M 2015.
- Revenues
- increased to € 6.4 million compared with € 4.1 million in 9M 2015
- Operational
- Stable operational performance Galleria Dalian;
 - Signing rate around 74%, and a planned food market of additional 6%
 - Opening rate increased to 66% as of October 31 (year-end 2015: 43%);
 - Significant increase in footfall and tenant proceeds;
 - Rate of unsold completed units in inventory (including the inventory of joint venture projects) increased to 18% (vs 10% year end)
- Equity Earnings
- Results increased due to currency effects, despite impairments in Q2 and Q3
 - Gross margin on the level of project companies flat at 22%



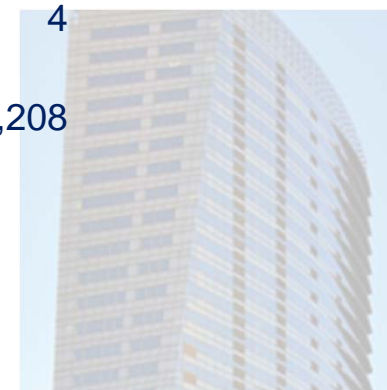
- Galleria Dalian: - 5% decrease in value mainly due to depreciation of the RMB versus the EUR
- Finance expenses: - FX impact: net loss € 1.2 million in 9M 2016 vs a gain of € 6.4 million in 9M 2015
- Net loss to Kardan: - € 10.8 million (9M 2015: € 12.8 million net profit)



Residential Apartments



	9M 2016	9M 2015	FY 2015
Total apartments sold in period	1,068	1,084	1,389
Total apartments delivered in period	1,207	1,233	2,008
Apartments Dalian sold in period	2	267	269
Apartments Dalian delivered in period	3	2	4
Total apartments sold, not yet delivered	2,068	2,685	2,208



Galleria Dalian

- Location:
 - Dalian: city with approx. 7 million residents and one of China's fastest growing cities
 - next to Davos Center and near renewed port: many visitors
 - green surroundings
 - connected to new subway station & offering sufficient parking space
- 65,000 square meter net rentable area
- Tenants include large international retailers
- Approximately 74% signed lease agreements at present, plus a planned food market of additional 6%
- Focuses on comprehensive lifestyle concept, combining the shopping experience with entertainment (IMAX cinema, fitness centers, Kid's floor, Restaurants etc.)
- Designed by international architects: La Guardia-Luo
Won several real estate awards during construction



Europark
凯丹天地

Tahal Group International

www.tahal.com



Water Infrastructure – 9M 2016 highlights



- Revenue decreased by 33% y-o-y in 9M 2016 mainly due to:
 - Completion of two large projects
 - Delays (in progress of) projects
- Gross margin improved slightly to 16.4% in 9M 2016 (15.6% 9M 2015)
- Overhead costs decreased on the back of improved efficiencies; partly offset by higher marketing expenses as result of large number of new tenders
- EBIT decreased to € 4.3 million in 9M 2016 (9M 2015: € 6.2 million)
- Financing income of € 0.5 million (9M 2015: expense of € 2.1 million due to one-off charge on an early repayment of loan during Q1 2015 of € 3 million)
- Sale of KWIG (25%) completed at the end of June 2016
- Net profit to Kardan: € 2.0 million (9M 2015: € 20.2 million, incl. € 19.0 million gain on sale of KWIG)
- Tahal won a 7 year large scale agricultural project in Angola; adds \$ 370 million to current backlog of \$ 300 million in Q4 2016



Other



“Other” 9M 2016 Highlights

- Results of TBIF are reported as discontinued operations
 - Sale of TBIF completed on 11 August 2016
 - The profit from the sale of TBIF amounted to € 15.2 million, recognized in Q3 2016
- Continuing operations of the former ‘banking and retail lending’ segment, including AVIS Ukraine, realized a profit of € 1.5 million (9M 2015: loss of € 2.0 million), mainly as a result of the sale of a portfolio, partly offset by a loss of €1.7 million on agreed sale of the remaining mortgage activity in Q3 2016.
- Finance expenses on holding level decreased significantly to € 20.4 million in 9M 2016 (9M 2015: € 45.4 million) mainly due to a lower negative impact of foreign exchange differences



Maturity of liabilities

Company Only – Kardan N.V. (principal only, September 30, 2016)

(EUR million)	2016	2017	2018	2019	2020	Total
Debentures – Series A*	5.6	-	45.9	-	-	51.5
Debentures - Series B*	5.8	-	47.4	94.7	94.7	242.6
Total	(**) 11.4	-	93.3	94.7	94.7	294.1

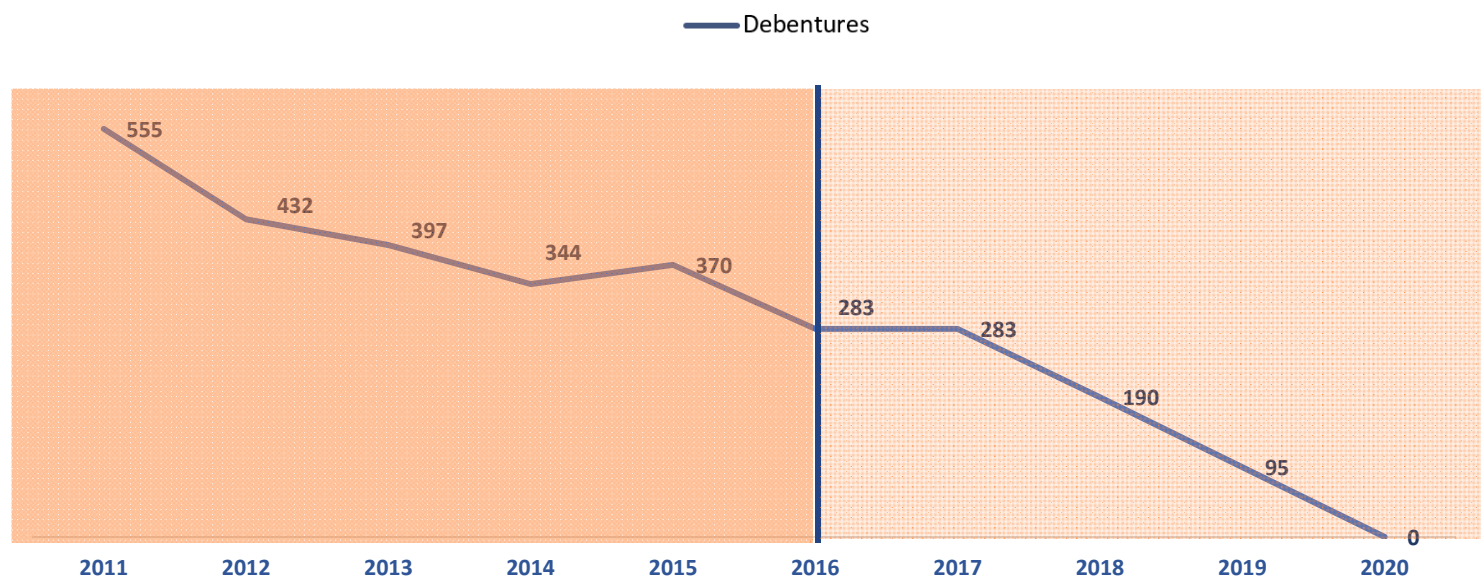
(*) Net of debentures held by subsidiaries

(**) Early repayments



Kardan debt development *

Gross debt of Kardan NV



(*) Company Only – Kardan N.V. as at September 30, 2016; principals only are presented as per January 1 of each year and exclude accrued interest and presented net of debentures held by subsidiaries.
The gross debt presented up to September 30, 2016, is presented according to actual forex rates (NIS to Euro); looking forward the NIS / Euro exchange rate of September 30, 2016 has been applied.



Cash flow forecast Kardan



Company only - Kardan N.V.

October 1, 2016 – September 30, 2018

Sources	€ millions
Cash & ST investments as at 01.07.2016	4.6
Sale of assets	<u>245.6</u>
<i>Total sources</i>	<i>250.2</i>
Uses	
Series A debentures (principal)	51.5
Series B debentures (principal)	53.2
Interest expenses	27.2
G&A expenses less management fees	<u>7.2</u>
<i>Total uses</i>	<i>139.1</i>
Expected cash & short term investments at 30.09.2018:	111.1



Kardan N.V.:

- Improving results from segments
- Continued focus on generating cash to service the debt

It is noted that Kardan has a significant exposure to currency movements:

- Kardan reports in EUR
- Liabilities are in NIS
- Assets are predominantly in RMB





Thank you

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Appendix

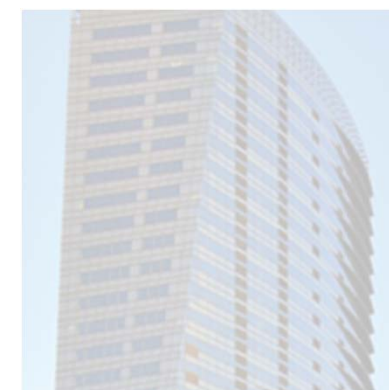
Kardan Q3 and 9M 2016 financials



Real Estate Asia – Q3 and 9M 2016



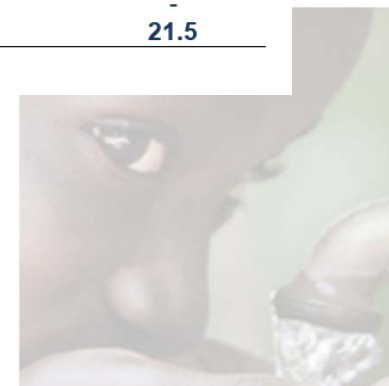
	For the nine months ended September 30		For the three months ended September 30		Full year
	2016	2015	2016	2015	2015
In € millions					
Delivery of units	0.6	0.5	0.3	-	0.8
Rental revenues	2.8	1.0	1.0	0.7	1.8
Management fee and other revenues	3.0	2.6	1.0	0.9	4.1
Total revenues	6.4	4.1	2.3	1.6	6.7
Cost of sales	0.6	0.4	0.3	-	0.9
Cost of rental revenues	1.3	0.9	0.5	0.3	1.5
Cost of management fee and other revenues	3.7	2.0	1.2	1.4	3.2
Gross profit	0.8	0.8	0.3	(0.1)	1.1
SG&A expenses	6.7	8.6	2.2	3.1	11.4
Adjustment to fair value (impairment) of investment property	(0.4)	21.7	-	(0.2)	20.9
Gain on disposal of assets and other income	-	0.3	-	0.1	0.4
Equity earnings (losses)	1.4	0.2	1.7	1.5	2.6
Result from operations before finance expenses	(4.9)	14.4	(0.2)	(1.8)	13.6
Financing income (expenses), net	(10.8)	1.4	(3.5)	(3.3)	(1.6)
Income tax (expenses) / benefit	4.9	(3.0)	1.2	1.2	(3.1)
Profit (loss) from continuing operations	(10.8)	12.8	(2.5)	(3.9)	8.9
Net profit (loss) for the period	-	-	-	-	8.9
Attributable to:					
Equity holders (Kardan N.V.)	(10.8)	12.8	(2.5)	(3.9)	8.9



Water Infrastructure – Q3 and 9M 2016



	For the nine months ended September 30,		For the three months ended September 30,		Full Year
	2016	2015	2016	2015	2015
	In € millions				
Contract revenues	87.3	129.8	27.9	41.8	167.9
Contract cost	73.0	109.6	23.2	35.9	142.9
<i>Gross profit</i>	14.3	20.2	4.7	5.9	25.0
In %	16.4%	15.6%	16.8%	14.1%	14.9%
SG&A expenses	10.7	12.5	3.8	3.5	17.4
Equity earnings / (losses)	(0.3)	(1.5)	(0.3)	(0.4)	(1.5)
Gain on disposal of assets and other income	1.0	-	-	0.2	0.3
Result from operations before financing expenses	4.3	6.2	0.6	2.2	6.4
Financing income (expenses), net	0.5	(2.1)	0.2	0.4	(2.1)
Income tax (expenses) / benefits	(2.7)	(2.9)	(0.5)	(1.0)	(2.9)
Profit (loss) from continuing operations	2.1	1.2	0.3	1.6	1.4
Net profit (loss) from discontinued operations	(0.1)	19.0	-	(0.2)	20.1
Net profit (loss)	2.0	20.2	0.3	1.4	21.5
Attributable to:					
Non-controlling interest holders	-	-	-	-	-
Equity holders (Kardan N.V.)	2.0	20.2	0.3	1.4	21.5



Other – Q3 and 9M 2016



	For the nine months ended September 30		For the three months ended September 30		Full Year
	2016	2015	2016	2015	2015
	In € millions				
<u>Corporate expenses:</u>					
General and administration expenses	(2.6)	(3.8)	(0.8)	(1.2)	(5.1)
Financing income (expense), net	(20.4)	(45.4)	(13.5)	4.2	(60.1)
Other expenses	-	-	-	-	(0.8)
Equity earnings (losses)	-	(0.1)	-	-	(0.1)
Income tax expenses	(0.5)	(0.3)	(0.2)	(0.1)	(0.5)
	(23.5)	(49.6)	(14.5)	2.9	(66.6)
<u>Continuing operations of the former 'banking and retail lending' segment:</u>					
Gain on disposal of assets and other income	(1.6)	0.4	(1.7)	-	(0.5)
Equity earnings (losses)	1.1	1.6	0.8	0.7	1.7
Other expenses, net	2.0	(4.0)	(0.9)	(2.4)	(4.1)
	1.5	(2.0)	(1.8)	(1.7)	(2.9)
Profit (loss) from continuing operations	(22.0)	(2.0)	(16.3)	1.2	(69.5)
Profit (loss) from discontinuing operations	21.6	13.7	15.2	5.4	16.2
Net profit (loss)	(0.4)	(37.9)	(1.1)	6.6	(53.3)
Attributable to:					
Equity holders (Kardan NV)	(0.4)	(37.9)	(1.1)	6.6	(53.3)

